

May 15, 2013

The Honorable Dave Camp
Chairman
Committee on Ways and Means
United States House of Representatives
Washington, D.C. 20515

The Honorable Fred Upton
Chairman
Committee on Energy Commerce
United States House of Representatives
Washington, D.C. 20515

RE: SGR Repeal and Reform Proposal: Medicare Payment Locality Update

Dear Chairmen Camp and Upton:

On behalf of the Sierra Sacramento Valley Medical Society (SSVMS), I am writing to urge you to include an update of the California Medicare payment localities in the Medicare SGR reform legislation. The outdated Medicare payment localities have created serious access to care problems in El Dorado, Sacramento, and Yolo counties.

Because Medicare has failed to update the physician payment localities, physicians in El Dorado, Sacramento and Yolo counties are underpaid by 1% each year, respectively. On a regional basis, this is equal to an annual underpayment of \$3,388,669.

The Sacramento metropolitan area is the fourth largest in California after the Greater Los Angeles Area, San Francisco Bay Area, and the San Diego metropolitan area, as well as the 25th largest in the United States. Over the past decades our area has become urbanized with higher rents, staff wages and other local costs to practice medicine. Yet, Medicare still designates El Dorado, Sacramento and Yolo counties as rural!

Medicare payment inequities have created significant access to care problems in our area. We have a shortage of both primary care and specialist physicians and it is increasingly difficult to recruit new physicians to the area because of the low reimbursement from Medicare and other payors that base physician reimbursement at the Medicare level.

Our medical society supports the **California Pilot Proposal** being forwarded by Congressmen Darrell Issa (R-San Diego) and Sam Farr (D-Santa Cruz/Monterey) and supported by the California Medical Association. This proposal would update the payment regions to Metropolitan Statistical Areas (MSAs) as recommended by the Institute of Medicine (IOM), the General Accounting Office (GAO) and MedPAC.

On behalf of the thousands of physicians practicing medicine in our three-county area, I would like to thank you for your attention to this important issue.

Sincerely,

David Herbert, MD
President

Cc: Aileen Wetzel, Executive Director, Sierra Sacramento Valley Medical Society
Board of Directors, Sierra Sacramento Valley Medical Society
Elizabeth McNeil, Government Relations, California Medical Association